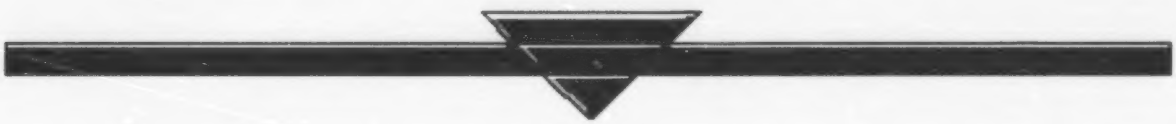
Annual Report

for

2000

Nova Scotia Real Estate Commission



2001
Annual General Meeting

March 16, 2001

101-04122/

Notice of Annual General Meeting

for the

Nova Scotia Real Estate Commission

World Trade and Convention Centre
Halifax, NS

Friday, March 16, 2001
2:00-3:30 PM

AGENDA

Chairman - Richard Miller

1. Call to Order
2. Introduction of Head Table - Registrar, Doug Dixon
3. Commission Chairman's Report - Richard Miller
4. Finance & Recovery Fund - Paul Doucet
5. Licensing Committee - Ron Hollett
6. Complaint Review Committee - Nora Landry
7. Discipline Committee - Lynn Hoffmann
8. Public Awareness Campaign - Richard Miller
9. Review of the election procedures by the Registrar
10. Address by Nominees (*each will be allowed 2 minutes to speak*)
11. Election - first ballot
12. Open Forum - This will be an opportunity for licensees to ask questions for the Commission's comments or to bring forward items for the Commission to consider in their upcoming discussions.
13. Results of first ballot and start of second ballot if necessary
14. Further ballots if required
15. Adjournment

Nova Scotia Real Estate Commission
Commissioners

Shown below are the members of the Commission. The three Commissioners appointed by the Association and the three elected by the licensees are staggered so that one position in each category expires each year. The government appointments are not staggered evenly and will run for the periods shown below.

NSREA Appointments

Name	Term	Term Expires	From	Brokerage
Jim Woods	three years	April 30, 2003	New Glasgow	RL Reflections
Richard Miller	three years	April 30, 2002	Halifax	Clayton Realty
Lynn Hoffmann	three years	April 30, 2001	Canning	MacDonald Chisholm
Robert Wambolt Effective May 1, 2001	three years	April 30, 2004	St. Peters	CB Mary Pat Realty

Elected Commissioners

Nora Landry	three years	April 30, 2003	Dartmouth	Century 21 Classic
Paul Doucet	three years	April 30, 2002	Bedford	Prudential Property
Ron Hollett	three years	April 30, 2001	Dartmouth	Greater Homes Realty

Government Appointments

Charles Lorway, Q.C.	three years	August, 2003	Sydney
Judith Patterson	two years	August, 2002	Dartmouth
Kent Noseworthy	one year	November, 2001	Halifax

Commission Staff

Registrar	*Douglas Dixon*
Compliance Officer	*Brad Chisholm*
Licensing Officer	*Pam Crane*
Administrator	*Elaine Moulton*
Bookkeeper	*Cathy Campbell*

Richard Miller
Chairman

Charles Lorway, Q.C.

Paul Doucet
Finance
Recovery Fund

Lynn Hoffmann
Commission Vice-Chair
Discipline Committee
Finance & Recovery Fund

Ron Hollett
Licensing Committee

Nora Landry
Complaint Review
Committee

Jim Woods
Finance
Recovery Fund
Licensing Committee

Judith Patterson
Licensing & Finance
Complaint Review

Kent Noseworthy

Doug Dixon
Registrar

Message from the Chairman

This past January, the Commission entered its fifth year of operation. I am very pleased to report the Commission is functioning smoothly, both from an operational point of view and financially.

The last year has seen many changes as a result of the Commissions' restructuring of staff and the changes that resulted from the NSAR merger. The Registrar, Licensing Officer, Compliance Officer and Administrator now all work full-time for the Commission and are no longer shared with the Association. The Commission and the Association continue to share the Receptionist and Bookkeeping positions.

These staffing changes have resulted in the Commission staff being more focused and able to move ahead with new projects as well as deal with normal administrative matters in a more timely manner. The new projects include such items as a Commission website, publication and distribution of Buyer/Seller Booklets and a public awareness campaign. It is the Commission's intention to provide both a higher level of service to consumers as well as create a higher awareness by consumers of the Commission and its' function.

The Commission has also raised the standard for continuing professional education. Licensees must now complete nine hours of education annually. The format of courses are being improved to be more conducive to how adults learn. In addition to giving direction to NSAR regarding courses, the Commission provides substantial funding each year towards course development.

This coming year, the Commission will see additional changes. The biggest one will be the consolidation of the Commission offices into a space separate from the Association's general office space. Discussions are under way regarding a possible addition to the building at Scarfe Court to accommodate the Commission.

I encourage all licensees to attend the Commission's Annual General Meeting on March 16 th. This is your opportunity to get an update on the work of the Commission, as well as elect a licensee to the Commission. The AGM is also an opportunity for you to give direct feedback to the Commissioners on issues important to you.

Richard Miller

Richard Miller
Chairman

Registrar's Report

This past year has seen a number of changes for the Commission, both internal and external. Overall it has been a very positive year with the Commission carrying out an organizational review, streamlining some of its processes and embarking on new programs.

There have been two staff changes in 2000. Chris Baker who was the Commission's Licensing Officer, left our employ. Pam Crane, who was the Commission Administrator, was promoted to the Licensing Officer position. Pam brings to this position over 20 years experience in different roles in the real estate industry. Elaine Moulton joined our staff in August as our new Administrator.

The new Commission website was completed in December of 2000 and is being launched to the public in March 2001. The website is an excellent resource for both the public and licensees. There is more detailed information provided on the website, later in this report. Licensees are encouraged to visit the website and explore it so that they are familiar with what it has to offer. This will allow licensees to promote the site to their clients and customers. It would also prevent licensees from being embarrassed by a consumer that is more familiar with the site than the licensee is.

The Commission approved an expenditure in 2000 to publish two consumer guides. One is a *Practical Guide for Buyers* and the other is the *Practical Guide for Sellers*. These are high quality publications that will be both valued and appreciated by consumers. Licensees can purchase the guides through the NSAR supply system at a cost of $1.00 each plus tax. Many thanks to the *Association des courtiers et agents immobiliers du Quebec* for the idea and assistance in providing material to put this publication together.

Another major initiative of the Commission is a series of consumer articles that will be made available to publications throughout Nova Scotia. The articles will highlight issues that should be of interest to consumers as well as create a higher profile for the Commission.

I want to thank the staff for their work this past year. Staff must deal with many different types of situations throughout the year. Many, many enquiries have come to the Commission from both the public and licensees. These can be as simple as a request for information, an explanation of proper procedures, and dealing with upset and disgruntled people who can be very demanding. Often members of the public look to the Commission to get help with matters that are not within the authority of the *Real Estate Trading Act*. They don't always understand that just because a licensee is involved in some way doesn't necessarily mean the Commission can take action. Quality of service is not regulated. Staff must also deal with a wide range of brokerages and licensees. Some are excellent at submitting reports, renewals and responding to complaints. Others, unfortunately, need ongoing follow-up. Once again, thank you to all the staff, including the NSAR staff that work so closely with the Commission staff on numerous issues.

Now that the Association/Board merger is complete and the Commission is working on more of a stand-alone basis, the Commission should be able to move forward with new initiatives and be a more pro-active participant in the real estate industry.

Douglas Dixon
Douglas Dixon
Registrar

Licensing Committee

Ron Hollett	Chairperson and Commissioner	Dartmouth
Judith Patterson	Commissioner (Public Member)	Dartmouth
Marg Bowlen	Member	Dartmouth
Jim Woods	Commissioner	New Glasgow
John Walker	Member	Halifax
Doug Dixon	Registrar	
Pam Crane	Licensing Officer	

The committee is mandated to review the licensing decisions and recommendations of the Registrar, to research licensing issues and to make recommendations to the Commission on any issues concerning licensing. There were no licensing hearings held in 2000.

The committee reviews all exemptions to the licensing rules and makes decisions on any requests from applicants for exemptions. The committee also reviews any conditions the Registrar may place on licensees. The committee would also look at the licensing status of a licensee as to suitability to maintain a license if there have been serious or multiple breaches of the *Act* or By-laws.

The Committee reviewed the Mandatory Course for 2000 and the feedback on CPE courses in general. It also reviewed the licensing statistics on a quarterly basis. Other than the routine administration of licensing, the biggest issue discussed by the committee was the creation of a new licensing category. The name being discussed was Associate Broker and it is a licence that would require a higher level of education than that of a Salesperson, but not the responsibilties of a Broker. Recommendations regarding this new licence category have been sent to the Commission for a final decision. An update on this subject is expected at the Annual Meeting.

I would ask that any licensees with suggestions or concerns related to licensing issues forward them to the Commission for discussion and consideration. In closing, I wish to thank the members of the committee for their efforts and the many hours spent working on behalf of the Commission.

Ron Hollett

Ron Hollett
Chairperson

Agency Committee

Richard Miller	Chairman and Commissioner	Halifax
Tony Walters	Member	Lunenburg
Charles Pace	Member	Halifax
Dave Pike	Member	Dartmouth
William Greenwood	Member	Halifax
Catherine Walker, Q.C.	Legal Counsel	Halifax
Doug Dixon	Registrar	

The Agency Committee was struck to review the current agency practices used in Nova Scotia, the problems that exist under these practices and to make recommendations to the Commission as necessary.

The committee has not yet made any recommendations to the Commission. The issues around agency are very complex and any changes can have a profound effect on how licensees and the buying/selling public interact. What is very clear is that problems do exist for both the public and brokerages when dual agency is involved. Agency has been dealt with many different ways in jurisdictions throughout North America. As part of its work, the Committee is reviewing the legislation and policies in other jurisdictions.

I would like to thank the members of the committee for their efforts. The committee will continue its work into 2001.

Richard Miller
Richard Miller
Chairman

Complaint Review Committee

Nora Landry	Chairperson and Commissioner	Dartmouth
Tom Gerrard	Member	Halifax
Cathy Harvey	Member	Baddeck
Roz Prince	Member	Dartmouth
Judith Patterson	Commissioner (Public Member)	Dartmouth
Tina Sweeney	Commissioner (Public Member)	Church Point
Doug Dixon	Registrar	
Brad Chisholm	Compliance Officer	

The Complaint Review Committee met four times during 2000 to review all matters relative to complaints investigated by the Commission staff. The mandate of this committee is to review all proposed Settlement Agreements and any requests for a review of a decision of the Registrar. In practice, the committee reviews all complaints, whether they are dismissed, dealt with through a Settlement Agreement or being sent on for a Discipline Hearing.

The committee can approve the decision of the Registrar to dismiss a complaint or deal with it through a Settlement Agreement. The committee can also reverse or alter the decision of the Registrar by altering the terms of the Settlement Agreement, not allow a complaint to be dismissed or send a matter on to the Discipline Committee. There have only been a couple of instances where the committee has altered a decision of the Registrar. In all cases, it was to increase the sanctions imposed.

On average the Committe reviews 15-20 complaints at each quarterly meeting. This involves the Committee members, in advance of the meeting, reviewing a case summary of each complaint and discussing the case at the Committee meeting with staff.

There have been questions from time to time asking how the fines are determined. The severity of the infraction, whether the actions of the licensee were intentional or not, and the discipline history of the licensee all play a part in determining an appropriate fine. Requirements for additional courses and letters of reprimand are the two most common sanctions besides fines.

Shown on the following pages are statistics showing where complaints have come from, the types of complaints made and the disposition of the complaints.

I would like to thank the committee members for their time and effort they have devoted to the work of the committee.

Nora Landry

Nora Landry
Chairperson

Audits & Investigations - Compliance Officer's Report

2000 - A STEP FORWARD

AUDITS

All real estate brokerages in Nova Scotia will be subject to a trust account and record-keeping audit by the Commission. The audit function is an ongoing process designed to provide the brokerage with constructive feedback when material deficiencies to legislated requirements are identified and to ensure public funds, held in trust by brokerages, are protected.

In 2000, 25 brokerage audits were conducted. The results of these audits varied from excellent to needs-improvement, however, cooperation and overall response from brokers has been very positive.

INVESTIGATIONS

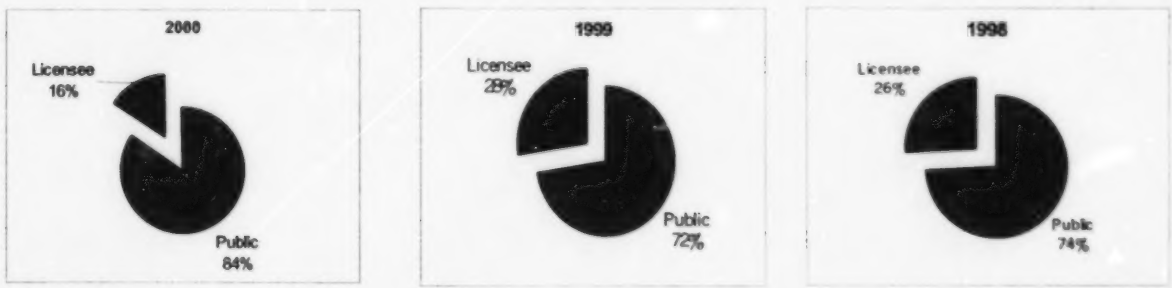
The number of complaints received and investigations initiated during 2000 was down from that of 1999. The number of investigations involving charges was up slightly from 1999 results. Some charges laid in 2000 corresponded to 1999 investigations, still ongoing at the beginning of 2000.

At the beginning of 2000, 23 investigations from 1999 were outstanding. During 2000, the Commission received 82 real estate complaints from both public and licensee sources. From the 82 complaints received, 44 investigations were initiated.

During 2000, 22 cases from 1999 were closed and of the 44 investigations initiated in 2000, 23 were closed by year-end leaving 22 outstanding. Ten of these were awaiting closure approval from the Complaint Review Committee shortly after year end.

The following charts summarize the Commission's investigative activities for the year ending 31 December 2000.

ORIGIN OF INVESTIGATIONS INITIATED FOR YEARS 2000, 1999 AND 1998

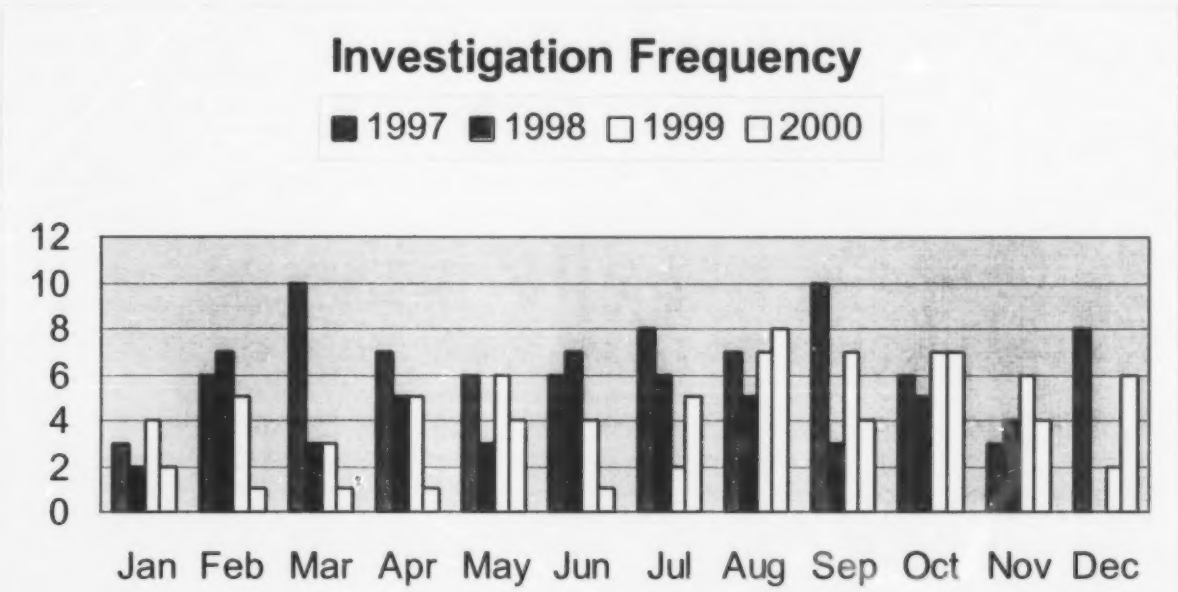


ORIGIN

In 2000, 84 percent of investigations were initiated through written public complaints. This is a noticable increase from the past two years. The remaining 16 percent originated due to information received from real estate Licensees.

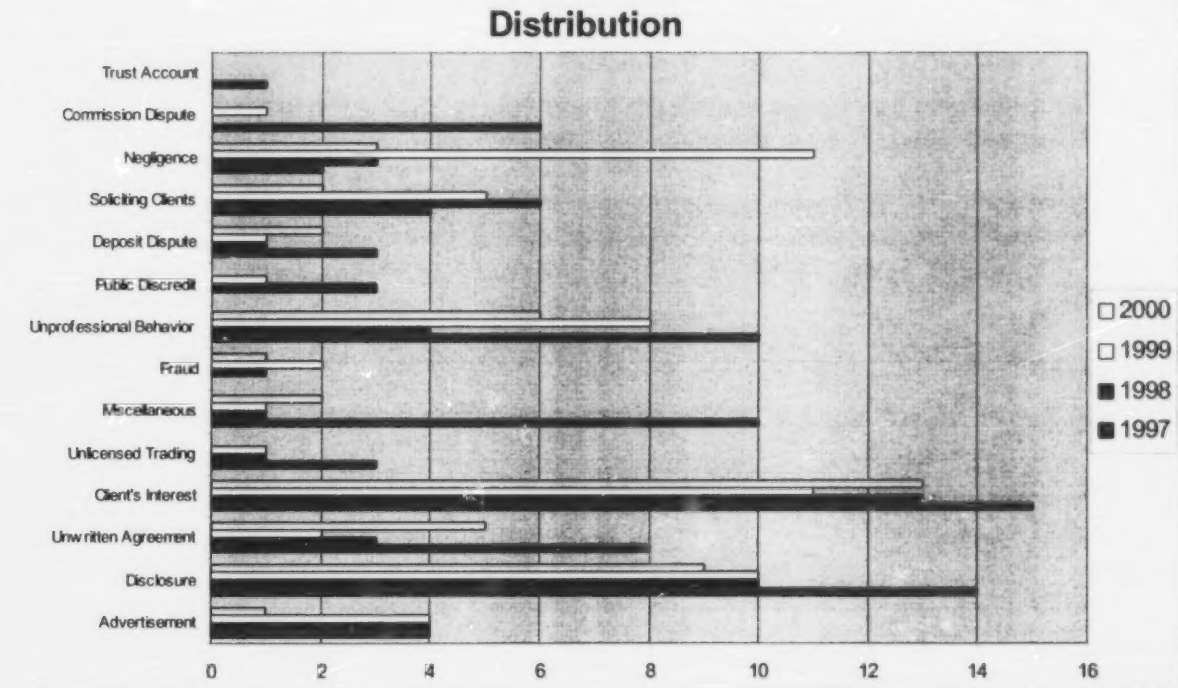
FREQUENCY

The chart below summarizes comparative figures for the total number of investigations initiated each month.



DISTRIBUTION

This chart summarizes the distribution of the 44 investigations initiated in 2000 by type. Comparative figures are also shown for 1997, 1998 and 1999.

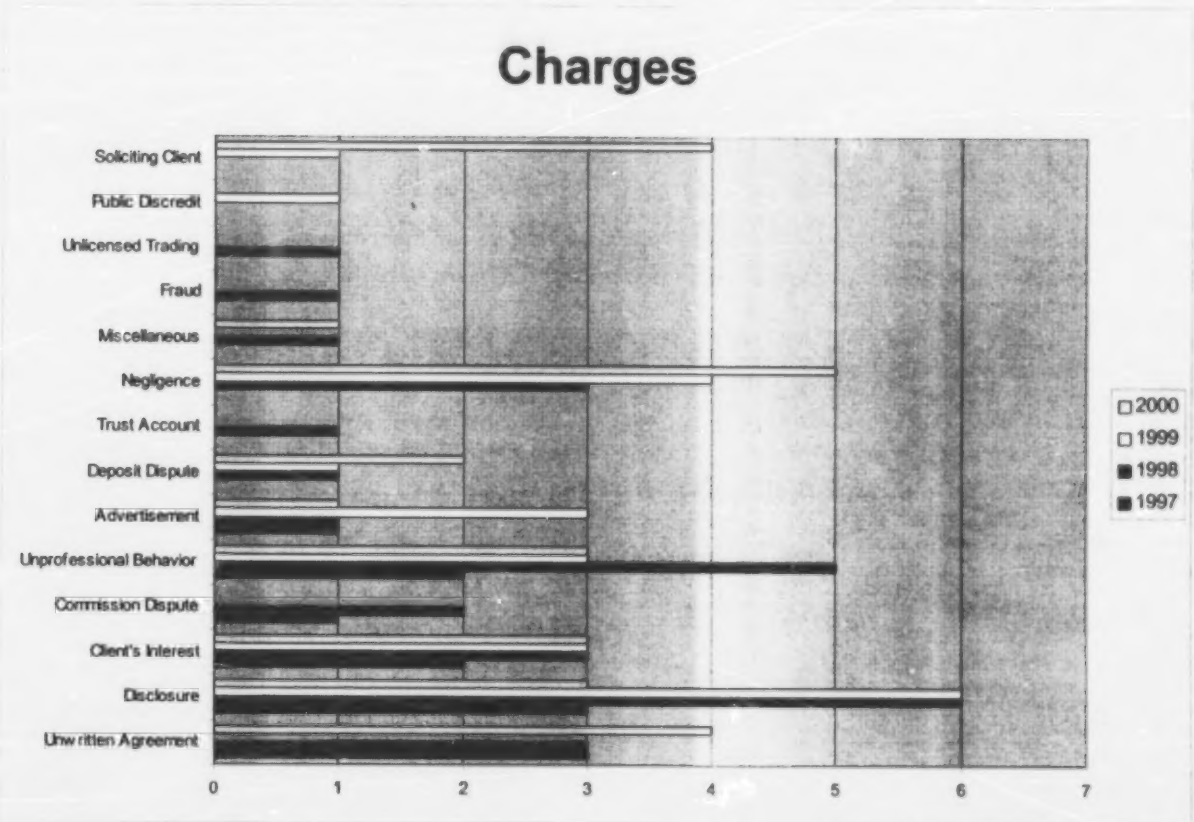


EXAMPLES:

- Negligence – Incomplete or improperly completed real estate forms, showing a property without authorization
- Soliciting Clients - Knowingly soliciting another licensee's client
- Deposit Dispute – Failing to obtain a buyer's deposit as per the agreement of purchase and sale
- Unprofessional behavior – Failing to cooperate with other licensees, yelling at clients/ customers
- Miscellaneous – Failing to respond to a real estate complaint within the designated time period set by the Compliance Officer
- Client's Interest – Failure to place a property on the MLS system as per listing agreement
- Unwritten Agreement - Not obtaining written and signed extensions/amendments
- Disclosure – Failure to disclose septic problems, failing to verify listing information
- Advertisement – Misleading advertising, failure to include full brokerage name in an advertisement
- Fraud – Misappropriation of trust funds, falsifying real estate documents

CHARGES

Of the 67 investigations (23 outstanding from 1999 plus 44 initiated in 2000) dealt with during 2000, 26 resulted in formal charges. The following chart summarizes the distribution of charges laid in 2000 according to type. Comparable figures are also shown for years 1997, 1998 and 1999.



EXAMPLE OF PENALTIES LEVIED THROUGH SETTLEMENT AGREEMENTS

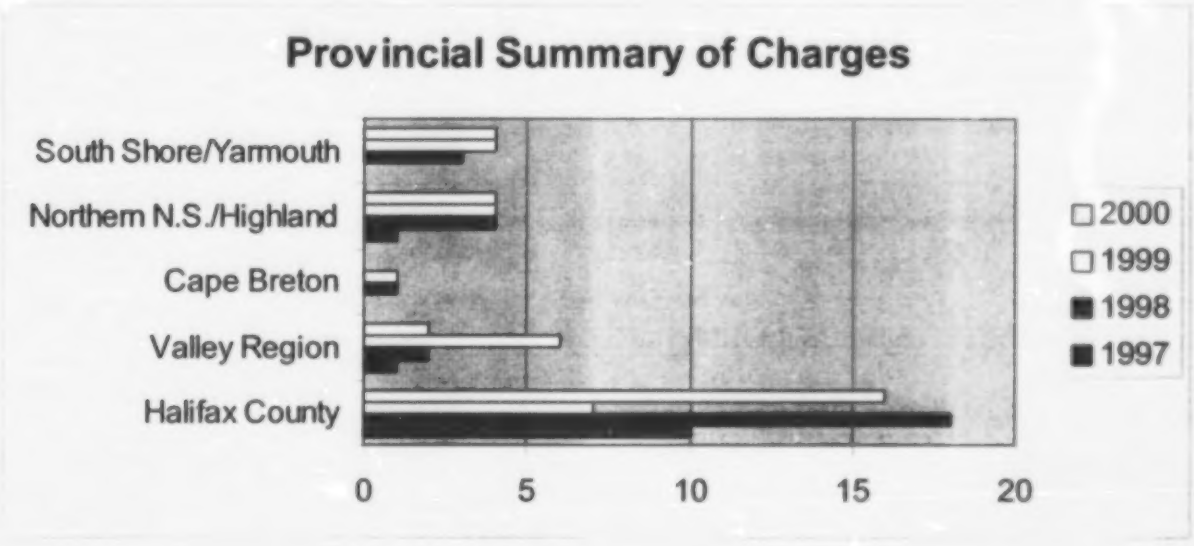
TYPE	PENALTY (FOR FIRST TIME OFFENCES)[1]
Negligence	$300 fine & Reprimand
Advertisement	$500 fine
Unprofessional Behavior	$300 fine & Reprimand
Client's Interest	$300 fine
Disclosure	$300 fine
Unwritten Agreement	$200 fine & course requirement
Deposit Dispute	$500 fine & Reprimand
Soliciting Clients	$500 fine

PENALTY (FOR REPEAT OFFENCE)

Unwritten Agreement	$500 fine
Negligence	$500 fine
Unprofessional Behaviour	$500 fine

PROVINCIAL SUMMARY

The following chart presents the distribution of 2000 charges by area. Figures for 1997, 1998 and 1999 are also provided for comparison purposes.



[1] **All fines are allocated for educational purposes**

RECURRING PROBLEMS

A number of compliance issues continue to re-surface despite repeated efforts at cautioning licensees through Commission newsletters, bulletins and brokerage audits. The following situations are commonly grounds for disciplinary action for both salespeople and brokers/managers.

- Unwritten extensions and/or amendments to real estate agreements
  (Commission by-law 702, Article 6)
- Unwritten agency disclosure to clients/customers
  (Commission by-law 702, Article 3)
- Advertising that is misleading to the public
  (Commission by-law 707 (c))
- Failing to cooperate with a Commission investigation
  (Trading Act Section 17 (4) and Commission by-law 810)
- Publicly discrediting a fellow licensee
  (Commission by-law 702, Article 21)
- Failing to discover and disclose pertinent facts about properties
  (Commission by-law 702, Article 4)
- Real Estate forms not completed properly
- Not obtaining brokerage cooperation instructions from sellers with exclusive agreements
  (Commission by-law 702, Article 29)
- Showing a property without authorization
  (Real Estate Trading Act Section 22 (1) (a))

CAUTIONING NOTE

When an investigation of a transaction is initiated, the transaction is reviewed from beginning to end. This includes a review of all agreements and other pertinent documentation related to the transaction. A number of charges laid in 2000 resulted from violations identified by investigations that were unrelated to issues cited in the original complaint(s) filed. In some cases, brokers were charged along with their salespeople.

Discipline Committee

Lynn Hoffmann	Chairperson	Canning
Eric Demont	(Public Member) Commissioner	Wolfville
Charles Pace	Member	Halifax
Don Clark	Member	Dartmouth
Brian Hirtle	Member	Kentville
Mark Stein	Member	Halifax
Clark Woods	Member	Truro
Doug Dixon	Registrar	

Hearing Panel Pool

Wayne Sanford	Wolfville
Sybil Brown	Truro
Allan Hennigar	Halifax
Sandra Richards	Bridgewater
Carol Alexander	Chester

The Discipline Committee did not meet in 2000. Only one hearing was held. The main issues dealt with at this hearing were the proper supervision, by the broker, of a brokerage and properly obtaining deposits. The broker was found guilty of not properly supervising and being available, not being in control of the administration of the brokerage and not ensuring that a deposit was obtained and deposited in the brokerage trust account. The penalty included a loss of broker license for three years, no salesperson licence until completing the Salesperson's Licensing Course and exam, a $2,000 fine and the cost of the hearing.

When the Commission was being planned, it was expected that there would be 6-10 hearings per year. The actual number has been 1-3 hearings per year. The main reason there have been fewer hearings is that the Settlement Agreement process has dealt with most of the situations where charges have been laid.

The Discipline Committee consists of seven members, two of which are Commissioners, three brokers/ Managers and three salespeople. There is also one non-licensee. In addition, there are another five people who make up the Hearing Panel Pool which supplements the committee in establishing hearing panels.

I wish to thank the committee members that served on the hearing for their efforts.

Lynn Hoffmann
Lynn Hoffmann
Chairperson

Public Awareness Campaign

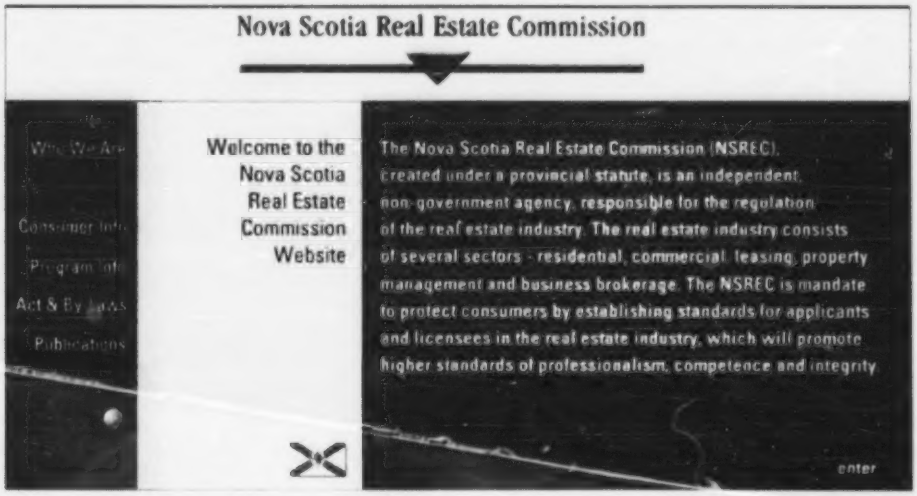
The Commission has approved a public awareness campaign that has two main objectives. The first is to provide consumers with more information on, and a better understanding of, the real estate industry. The second is to make consumers more aware of the role of the Nova Scotia Real Estate Commission. This public awareness campaign is being carried out through several means.

Print Campaign– A series of articles have been distributed to provincial and local, daily and weekly publications throughout Nova Scotia. Each article discusses an issue regarding either the Commission or industry practices. The intent of these articles is to give helpful hints or advice, as well as to indicate the role of the Commission.

Buyer/Seller Booklets– The Commission has published two separate booklets that give a description of the buying or selling process, lots of tips and suggestions, and general information the role of the Real Estate Commission. The buyer booklet is 48 pages and the seller version is 40 pages. A copy of each booklet has been distributed to each licensee. The booklets can be purchased at a cost of $1.00 each through the NSAR supply system. The public can request a booklet from the Commission at no charge. The information will also be available on the Commission website.

Commission Website– The Commission has launched an extensive website to assist both consumers and licensees. It can be found at www.nsrec.ns.ca. The website contains a large variety of information, some of which are listed below:

- Authourity of the Commission
- History and role of the Commission
- Licensing information
- Complaint and Discipline Process
- An extensive real estate glossary
- Searchable copies of the Act and Commission By-law
- A searchable database of current licensees and brokerages
- Copies of publications of the Commission, such as Annual Reports
- Searchable and downloadable Buyer and Seller booklets


Nova Scotia Real Estate Commission
Who We Are
Consumer Info
Program Info
Act & By-laws
Publications
Welcome to the Nova Scotia Real Estate Commission Website
The Nova Scotia Real Estate Commission (NSREC), created under a provincial statute, is an independent, non-government agency, responsible for the regulation of the real estate industry. The real estate industry consists of several sectors - residential, commercial, leasing, property management and business brokerage. The NSREC is mandate to protect consumers by establishing standards for applicants and licensees in the real estate industry, which will promote higher standards of professionalism, competence and integrity.
enter

Finance Committee

Paul Doucet	Chairman & Commissioner	Bedford
Lynn Hoff,ann	Commissioner	Canning
Jim Woods	Commissioner	New Glasgow
Judith Patterson	Commissioner	Dartmouth
Richard Miller	Commissioner	Halifax
Douglas Dixon	Registrar	

The Commission has completed its fourth year in very solid financial shape. This has resulted in the 2001 licensing and Recovery Fund fees remaining at the same levels as last four years.

Higher than anticipated revenues were collected in the new licensee categories. This is due to a much improved real estate market throughout most of the province which resulted in a higher number of new applicants.

On the expenditure side, most expenses came in under budget. Legal fees were the main item in 1998 that came in over budget, but in 1999 they came in well under budget as there were no significant legal actions undertaken by the Commission.

The Commission had budgeted to take $40,000 from the Recovery Fund to be used to offset some of the general administration costs of the Commission. As a result of the improved revenues and lower expenses, only $15,000 was required.

The administrative sharing between the Commission and the Nova Scotia Real Estate Association has continued to result in considerable savings. This results from the sharing of space, equipment and salaries. As a result of changes, the Commission deemed necessary to move forward, so there has been less sharing of staff. This will not result in any increase of fees to licensees as the Commission is in good financial shape and can absorb the additional staffing expense.

As was done for 2000, the budget for 2001 has combined the Commission General and Recovery Fund into one budget and one set of financial statements. This was done to simplify the bookkeeping process. Recovery Fund investments will continue to be accounted for separately from General Funds.

The financial stability that the Commission has achieved, has enabled the Commission to maintain fees as well as fund new projects and initiatives to improve the real estate industry for both consumers and industry members.

Paul Doucet

Paul Doucet
Chairman

Recovery Fund

Paul Doucet	Chairperson & Commissioner	Bedford
Lynn Hoffmann	Commissioner	Canning
Richard Miller	Commissioner	Halifax
Judith Patterson	Commissioner	Dartmouth
Stan Rose	Member	Bridgewater
Doug Dixon	Registrar	

The Recovery Fund held only one meeting in 2000. It was held to review the budget. The fee structure for 2001 will remain the same as the last four years. There have not been any new claims against the Fund in 2000.

The Commission approved a grant from the Recovery Fund to the Nova Scotia Real Estate Association in the amount of $15,000. This money was towards the cost of developing new education courses for existing licensees as well as work on a new licensing course for salespeople and the ongoing real estate encyclopedia project.

The investment portfolio of the Recovery Fund consists of bonds and mutual funds. The investments are maintained with about half of the investments in each. The Fund has done well, even with the ups and downs in the investment market.

Overall, the Recovery Fund is in very good condition.

Paul Doucet

Paul Doucet
Chairman

Deloitte & Touche

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AUDITORS' REPORT

To the Board of Directors of the
Nova Scotia Real Estate Commission

We have audited the statement of financial position of the **Nova Scotia Real Estate Commission** as at December 31, 2000 and the statements of revenue, expenditures and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the comparative year were audited by another firm of chartered accountants.

Deloitte & Touche LLP

February 15, 2001

Chartered Accountants

Deloitte Touche
Tohmatsu
International

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 24,232	$ 19,820
Accounts receivable	1,065	7,749
Accrued interest receivable	14,174	6,505
Due from Education Fund	-	1,992
Prepaid expenses	625	-
Inventory - manuals	1,643	1,866
	41,739	37,932
Recovery Fund investments (Schedule 1) (market value - $855,066; 1999 - $832,618)	847,375	819,108
General Fund investments (Schedule 1) (market value - $71,332; 1999 - $64,774)	71,290	65,564
Capital assets (Notes 2 and 3)	25,256	23,615
	$ 985,660	$ 946,219
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 13,900	$ 5,596
Due to Nova Scotia Association of Realtors	17,398	57,097
Deferred revenue	76,452	67,595
	107,750	130,288
Deferred capital grant	17,154	23,615
	124,904	153,903
NET ASSETS		
Net assets		
Recovery Fund (Note 4)	838,008	795,486
General Fund (Note 4)	22,748	(3,170)
	860,756	792,316
	$ 985,660	$ 946,219

Deloitte & Touche

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUE, EXPENDITURES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2000

	2000	1999
Revenue		
Recovery Fund		
Assessment income	$ 54,613	$ 63,923
Claim recovery	-	8,500
Investment income	57,522	70,607
	112,135	143,030
General Fund		
Administration fees	1,595	2,560
Brokerage manuals	800	700
Examination fees	15,050	17,000
Fines and penalties	9,372	5,300
IBTA interest	113,343	54,836
Investment income	3,864	1,169
Licensing fees	114,725	117,600
Reinstatement of license	5,600	7,260
Amortization of deferred capital grant	6,461	6,461
	270,810	212,886
	382,945	355,916
Expenditures		
Accounting	8,464	7,392
Advertising	1,530	402
Amortization	7,196	6,461
AGM and conference	2,198	2,000
Bank service charges	1,164	1,349
Benefits	13,151	11,556
Car allowances	1,150	800
Conferences	4,630	4,379
Computer	8,319	9,197
Dues and subscriptions	1,144	798
Furniture and equipment	1,067	342
Hearing costs	1,030	556
Insurance	1,330	1,489
Legal	13,687	6,273
Maintenance	146	193
Miscellaneous	2,698	2,466
Office	2,371	2,005
Per diem	6,240	4,900
Printing	5,335	3,653
Photocopies	3,992	4,838
Postage and courier	5,691	4,571
Rent, cleaning and utilities	15,964	18,395
Salaries	167,965	130,881
SPL and BM exams	4,122	-
Staff training	3,117	3,923
Staff travel	3,335	5,388
Taxes	898	885
Telecommunications	6,607	7,221
Travel and meetings	4,964	7,328
Transfer to Education - NSAR	15,000	15,000
	314,505	264,641
Excess of revenue over expenditures	68,440	91,275
Net assets, beginning of year	792,316	701,041
Net assets, end of year	$ 860,756	$ 792,316

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NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2000

	2000	1999
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenditures	$ 68,440	$ 91,275
Items not affecting cash		
Amortization of capital assets	7,196	6,461
Amortization of deferred capital grant	(6,461)	(6,461)
	69,175	91,275
Changes in non-cash operating working capital items	(21,933)	6,485
	47,242	97,760
Investing		
Purchase of investments (net)	(33,993)	(103,154)
Purchase of capital assets	(8,837)	-
	(42,830)	(103,154)
Net cash inflow (outflow)	4,412	(5,394)
Cash position, beginning of year	19,820	25,214
Cash position, end of year	$ 24,232	$ 19,820

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NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2000

1. DESCRIPTION OF BUSINESS

The Nova Scotia Real Estate Commission was established by the Province of Nova Scotia Bill No. 31 assented to December 20, 1996. Bill 31 is an Act to Provide for Regulation of Trading in Real Estate in Nova Scotia.

Included in these financial statements are the transactions of the Nova Scotia Real Estate Recovery Fund, which is administered and supervised by the Commission. The purpose of the Fund is to provide a self-insurance fund for licensed members in the Nova Scotia real estate industry within limits outlined in Note 5.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Cash

Cash is comprised of short-term amounts on deposit with financial institutions.

b) Capital Assets

Capital assets are stated at cost.

Capital assets are being amortized on a straight-line basis at the following annual rates:

Furniture and equipment	10%
Computers	25%
Website	33 1/3%

c) Investments

Investments are recorded at cost unless there is a permanent decline in value at which time they are written down.

d) Amortization of Grant from Recovery Fund

The grant was received from the Recovery Fund for the purchase of capital assets and is amortized to income on the same basis as the capital assets are amortized.

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NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2000

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3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Furniture and equipment	$ 28,590	$ 11,436	$ 17,154	$ 20,013
Computers	14,410	14,410	-	3,602
Website	8,837	735	8,102	-
	$ 51,837	$ 26,581	$ 25,256	$ 23,615

4. NET ASSETS

	General Fund	Recovery Fund	2000	1999
Balance, beginning of year	$ (3,170)	$ 795,486	$ 792,316	$ 701,041
Excess of revenue over Expenditures	25,918	42,522	68,440	91,275
Balance, end of year	$ 22,748	$ 838,008	$ 860,756	$ 792,316

5. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of $300,000 in cash and investments, and no longer carries insurance for indemnification purposes. Under the regulations, the maximum amount that may be paid from the Fund arising from a single real estate transaction is:

a) to any claimant for a claim against a salesperson is $15,000;
b) to any claimant for a claim against a broker or manager is $25,000; and
c) if there is more than one claim against a brokerage is a total of $60,000.

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6. SHARED EXPENSES

The Commission occupies space in the Nova Scotia Association of Realtors building under a lease agreement between the Association and the Nova Scotia Real Estate Commission. The Commission is charged based upon space utilization. The Commission also shares the lease costs for the photocopier and fax machines, as well as other certain common expenditures that are prorated on a reasonable basis.

In prior years, the Commission allocated a portion of certain expenses to the Nova Scotia Real Estate Recovery Fund based on usage. During the current year, no expenses were allocated to the Fund. During the current year, assessment income of $54,613 was transferred by the Fund to the Commission for operating purposes.

7. COMPARATIVE FIGURES

The comparative figures for 1999 have been restated to conform with the current year financial statement presentation.

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SCHEDULE

NOVA SCOTIA REAL ESTATE COMMISSION
INVESTMENTS
YEAR ENDED DECEMBER 31, 2000

	2000	1999
Recovery Fund Investments		
AGF American Tactical Asset Allocation Fund	$ 102,315	$ 98,398
AIC World Equity Fund	12,011	12,000
Province of British Columbia Bonds	102,114	94,216
Bank of Nova Scotia, 8.375%, due April 30, 2007	100,000	100,000
Bell Canada, 6.150%, due June 15, 2009	35,155	35,155
Fidelity Global Asset Allocation Fund	72,965	68,792
Ontario Hydro Global, due October 15, 2009	51,732	51,732
Scotia Money Market Fund	22,401	25,596
Scotia Mortgage Investment Corp., 6.57% due October 31, 2007	165,000	165,000
Templeton Growth Fund	64,239	60,176
Templeton International	28,876	27,518
Templeton Treasury Bill Fund	33,212	31,750
Trimark Select Growth Fund	57,355	48,775
	$ 847,375	$ 819,108
General Fund Investments		
Bell Canada	$ -	$ 15,064
Scotia Money Market Fund	71,290	50,500
	$ 71,290	$ 65,564

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Finance Summary

2000 Actual Figures and 2001 Budget

REVENUES Item	Notes*	2000 Budget	2000 Actual	2001 Budget
Administration Fees		2,500	1,595	2,000
Assessment-Recov Fund	1	63,000	54,613	64,000
Branch Office Fees	2	1,200	1,860	1,860
Broker Fees-New	3	2,500	2,000	2,000
Broker Fees-Renewal	2	13,000	15,880	16,360
Brokerage Fees-New	3	3,000	2,000	2,000
Brokerage Fees-Renewal	2	8,000	9,700	10,475
Brokerage Manuals		1,000	800	500
Buyer-Seller Booklets	4			6,000
Exam Fees		14,500	15,050	15,000
Exam Review Fees		600		500
Fines/Penalties		5,500	9,372	6,000
Interest-IBTA	5	60,000	113,343	70,000
Interest Income-General		950	3,864	2,500
Interest-Recovery Fund	6	30,000	57,522	72,000
Manager Fees-New	3	480	440	480
Manager Fees-Renewal	2	1,800	2,680	1,280
Reinstatement of License	7	9,500	5,600	6,000
Salesperson Fees-New	3	23,000	19,920	19,200
Salesperson Fees-Renewal	2	50,000	60,245	60,810
Revenue Totals		**$290,530**	**$376,484**	**$358,965**

EXPENDITURES Item	Notes*	2000 Budget	2000 Actual	2001 Budget
Accounting		5,000	8,464	5,500
Advertising	8	500	1,530	1,000
AGM & Conference		2,000	2,198	2,000
Bank Charges		1,000	1,164	1,500
Benefits - Government		11,000	9,255	11,500
Benefits - Health		4,500	3,896	5,000
Buyer-Seller Booklets	9			26,000
Car Allowance		1,200	1,150	1,200
Computer Support		8,500	8,319	9,500
Conferences (Out of Prov)	10	4500	4,630	8,000
Cost of Brokerage Man Sold		0		210
Dues & Subscriptions		900	1,144	1,200
Facility Rental		400		400
Fund - Inflation Factor	11	12,000		13,500
Furniture & Equipment		1,000	1,067	1,000
Hearing Costs		1,000	1,030	1,000
Insurance/Directors Liability		1,250	625	1,250
Insurance/Property		500	705	725
Legal	12	8,000	13,687	12,000
Maintenance		500	146	500
Miscellaneous	13	1,000	2,698	1,500
Newsletter & Updates		500		500
Office		4,500	2,371	4,000
Per Diem		5,500	6,240	5,500
Photocopies		4,800	3,992	5,000
Postage and Courier		5,000	5,691	5,000
Printing		6,000	5,335	6,000
Public Awareness Program	14			4,000
Rent, Cleaning, Utilities	15	18,000	15,964	19,000
Salaries	16	169,200	165,496	173,000
Salaries - Temporary	17	1,500	2,467	1,500
SPL & B/M Exams		4,000	4,122	4,500
Staff Training		2000	3,117	4,000
Staff Travel		4,000	3,335	4,000
Taxes		1,200	898	1,200
Telecommunications		7,000	6,607	7,000
Transfer to Education	18	0	15,000	
Travel & Meetings (In Prov)	19	7,000	4,964	7,500
Website Maintenance	20			2,400
Expenditure Totals		**$304,950**	**$307,309**	**$358,585**
NET		**-14,420**	**69,175**	**380**

*** See notes on the next page**

The Commission continues to maintain a strong financial position. Revenues are higher in the licence renewal category, the interest earned on the Recovery Fund and the interest on Interest Bearing Trust Accounts. Revenue from new licensees was lower than budgeted for in 2000. On the expense side, when the unbudgeted grant to the NSAR and the higher than anticipated legal expenses are taken into account, the remaining expenses were well under budget.

The main reasons for increased expenses in 2001 are the addition of the Buyer/ Seller Booklets project, the Public Awareness campaign and the maintenance of the new website.

Licensing fees for the 2001/2002 licensing cycle will remain the same as the previous four years.

-Budget Notes-

1. Assessment revenues were lower than budget due to lower numbers of people entering the industry and a larger number of existing licensees remaining and benefiting from lower assessments after five years.

2. Renewal fees were higher than budget as a result of less industry turnover.

3. New licensee fees were lower than budget as a result of fewer new licensees.

4. This is the revenue budgeted for in 2001 from the sale of the Buyer/Seller booklets.

5. The Interest on Trust Accounts is running considerably higher than budgeted. This is due to a strong market, more trust funds on deposits and slightly higher interest rates during the last quarter of 1999 and throughout 2000.

6. There was $30,000 budgeted to be taken from the Recovery Fund interest to be used against general expenses. The interest earned by the Recovery Fund was actually $57,522. The much higher figure shown under the budget for 2001 is to cover the additional expenses for the Public Awareness Program, the maintenance of the new website and the printing of the buyer/seller booklets.

7. Transfers are lower than anticipated. This may be due to the good market conditions and less unrest. The market seems to be slowing so there may be an increase next year.

8. Advertising was higher than budgeted for two reasons. The main one being the employment advertising run for the Administrator position. The other expense was for consumer warning ads run in a German tabloid.

9. Booklets for buyers and sellers are being made available to both the public and licensees. There will be 5,000 of each printed. The Buyer booklet is 48 pages and the seller is 40. They are full color, glossy publications. The booklets will also be available on the Commission website.

10. This item has been increased to include the Compliance Officer, in addition to the Registrar, in national meetings for broader exposure to other jurisdictions as well as general education opportunities (Canadian Regulators meeting in July and the ARELLO Conference in October).

11. The Fund - Inflation Factor is a new category. It is money that is invested as part of the Recovery Fund to offset annual inflation. As of year end, this had not been transferred and is included in the Net figure shown below, to be invested early in 2001.

12. Legal is running higher as a result of two Discipline matters that have been dragging on for a long time. It also includes a higher number of smaller issues that had to be addressed.

13. The main reason this category is over budget is the expense for the organizational review ($1,134).

14. This is a new expenditure for the production of public awareness articles to be made available to publications throughout Nova Scotia.

15. An allowance has been made for an increase on the current rent. This item could change if new arrangements with the NSAR, for sharing space, are made.

16. Salaries for 2000 are under budget as a result of the Administrator position being unfilled for a short period of time. Salaries for 2001have increased for two reasons. The first reason is the Commission restructured last winter and took over a greater share of salaries that had been previously shared with the Association. The Registrar went from 66% to 100%, the Licensing Officer from 66% to 100%, the Administrator from 90% to 100%, and the bookkeeper from 40% to 50%. Secondly, salaries were adjusted as a result of the organizational review completed in August.

17. Temporary Salaries is made up of hourly programming charges (contracted out) to update/maintain the Commission database.

18. The Commission approved a grant to the NSAR, to offset course development expenses.

19. Travel & Meetings expenses are expected to be higher in 2001, as one of the new Public Members is from Sydney.

20. A new expense category, to support the Commission website. This figure includes the monthly website hosting fee as well as an amount to cover minor updates and changes to the website.

Election Procedures

Nova Scotia Real Estate Commission

Shown below is a summary of the voting procedures for the elections to be held at the AGM.

1. All persons licensed under the *Real Estate Trading Act* are entitled to vote either in person or by proxy.

2. Any person elected to serve as a Commissioner must be a licensee.

3. No corporation or partnership is eligable for election.

4. The only nominations to be considered for election are those listed in this *Notice of Meeting*.

5. Licensees must return their ballots (their own plus those by proxy) to the registration desk if they leave at any time during the meeting.

6. The election shall be conducted by written ballot.

7. Ballots can indicate only one vote per nominee.

8. Ballots will be considered spoiled if the ballot indicates more than one vote or if it indicates more than one vote per nominee. It will also be considered spoiled if it does not clearly indicate for which nominee the vote is being cast.

9. A nominee will be declared elected if the nominee receives "50% plus one" of votes cast. For example, if there are 200 votes cast, the nominee must have 101 or more votes to be declared elected.

10. The person receiving the highest number of votes cast and declared elected, will be elected to a three year term.

11. Should a person not be elected after the first ballot, a second ballot will be held. The same procedure will be used in every ballot that follows until a person has been declared elected.

12. The nominee having the lowest number of votes will be dropped from the next ballot.

13. Any nominees having less than ten percent of the votes cast will be dropped from the next ballot.

14. The successful nominee will take office effective May 1, 2001 for a three year term.

Nominees for Election
to the
Nova Scotia Real Estate Commission

The following people have met the requirements for nomination to the Nova Scotia Real Estate Commission and have agreed to let their name stand for election. They are listed here in alphabetical order and a brief summary of their background and experience is also provided on the following pages.

Name	Brokerage	Location
Valerie Folk	Royal LePage Atlantic	Halifax
Carol Rowan	Prudential Woods Realty	Truro

Each Nominee will be given the opportunity to address the Annual General Meeting for two minutes in order to help licensees determine how they will vote.

-Nominee Information-

Nominee: **Valerie Folk**

Brokerage: Royal LePage Atlantic **Location:** Halifax
Type of license: Broker **Years Licensed:** 16
Primary type of real estate practiced: Residential, Management
Degrees/Designations held: B.F.A., B.Ed., FRI, ABR, REP

Director/Executive experience in any organizations: Past Director - HDREB, Past President - HDREB, Past Director - NSREA, Past Provincial/Atlantic Director - CREA, Presently, an appointed Director of NSREAA (N.S. Real Estate Appraisers Association)

Other Experience: I have served on numerous committees, task forces within the industry. Due to company demands, decided to take a few years to step back from committees, etc. and have only chaired a few disciplinary cases - now I am prepared once again to devote some time back

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Nominee: **Carol Rowan**

Brokerage: Prudential Woods Realty Ltd. **Location:** Truro
Type of license: Salesperson **Years Licensed:** 20
Primary type of real estate practiced: Residential, Commercial
Degrees/Designations held:

Director/Executive experience in any organizations: Sales Representative MLS Northern Nova Scotia Real Estate Board 1982-1984, Vice-President of Northern Nova Scotia Real Estate Board 1984-1985.

Other experience: Broker - RE/MAX Truro 1986-1988, Fund Raising Chairperson - Colchester Hospital Foundation Skatathon 1996-2000, charities - annual sponsor of needy family at Christmas.

Commissioners Attendance Record

Nova Scotia Real Estate Commission

Shown below is the attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2000 and February 23, 2001. There were a total of five Commission meetings held. The information below shows how many meetings each of the Commissioners attended of those they were expected to aattend.

	Meetings Attended	Held
Eric Demont	2	(3)
Paul Doucet	5	(5)
Lynn Hoffmann	4	(5)
Ron Hollett	4	(5)
Nora Landry	4	(5)
Charles Lorway	1	(1)
Richard Miller	5	(5)
Ray Nelson	2	(2)
Kent Noseworthy	1	(1)
Judith Patterson	3	(5)
Tina Sweeney	4	(4)
Jim Woods	3	(3)
Doug Dixon	5	(5)

In addition to the Commission meetings, all the Commissioners participated in various committee work as shown at the beginning of this report.

Licensing Statistics